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MEMORANDUM FOR THE RECORD

SUBJECT: Keith Hall Visit with NFAC/PMES on Production
Topics for OMB Spring Preview []

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1. An interesting, very open, but extremely long session was held between Keith Hall, [] and myself. Keith was looking for data that he could use in preparing his "two-page issue paper on production" for the OMB Spring Preview. With the present OMB NFIB guidance at [] and the DCI guidance to his program managers ranging from [] Keith would like to attempt to raise the OMB mark to a more realistic level--say to [] To do this he needs ammunition and one of his areas of focus is production. He will not do the studies he had discussed with us previously until after the preview. []

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2. [] began by stating NFAC is hard to use as a recipient of large blocks of funds without a period of adjustment or assimilation. However, NFAC supported the Commo upgrade, the new building, and [] efforts. But Keith indicated he wanted production activities that need funding. [] then started to discuss the enhanced packages that NFAC proposed for the FY 83 Program including the SAFE enhancements (both the package for operating SAFE and the one for Block 5), analyst productivity package, and the training cadre. Keith was told that NFAC is looking towards an organization of about [] people by 1987, that John McMahon wants to push the analysis of Communist and/or Russian-trained indigenous people in important positions in third world countries, and that external analysis is an important element in the expansion of our third world effort--in some areas representing the total program. []

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3. Mr. Hall listened with interest and then directed the discussion toward two areas of current interest to him and topics of future OMB studies: competition in the production of intelligence, and core level of production effort. In the area of competition, Keith was

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looking both for areas where NFAC needs more resources to be competitive and areas where NFAC considered the competition from other agencies inadequate. Examples of both were provided, but he did not dwell on areas of excessive competition. He clearly was trying to identify areas where additional resources could be used productively in NFAC and other agencies. As part of this discussion he expressed concern over support to the Community from non-intelligence agencies when their budgets are being cut. Gary agreed, saying that Census had cut back its support to intelligence activities, and that DoE was doing so as well. Keith responded that in addition, there was a proposal to have the users of LANDSAT pay the full cost, to which NFAC indicated they would probably stop using it. []

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4. Regarding the core level effort, Keith appears to be considering a recommendation for an additional [] positions and associated support and collection costs. NFAC indicated they were getting to this goal incrementally and probably would have no difficulty with this emphasis. It is clear, however, that Keith would like to add large numbers of people quickly and that NFAC wants to move more slowly in order to deal with the management and space problems which are substantial. To emphasize his belief that this core level should be established, Keith said that in the end if this proposal is accepted he would expect to talk to the expert on the economy of Mali and find that the person had indeed studied the area and was knowledgeable enough to respond to questions from our consumers. []

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5. At the end of the meeting [] raised three problems with Keith. NFAC was not asking for resolution, but was just passing information.

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Keith was sympathetic to each comment but didn't offer any indication that he could resolve any of the issues 

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6. No studies or reports are required as follow-up. I will arrange a session for Keith with the directors of OSR, OSWR, and OIA, which he requested, to pick up on some points about competition in military analysis.

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Chief, Intelligence Group

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O/COMT/IG/P (6 May 1981)

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